



Ranking Republican, Senate Agriculture and Rural Economic Development Committee

January 30, 2006

Dear Neighbors,

Welcome to the second edition of my SRC Ag Alert for 2006. As far as agriculture is concerned, the third week of the 2006 legislative session was much like the first two weeks – lots of bills being heard in the Senate Agriculture and Rural Economic Development Committee.

The Senate ag panel has until this Friday (February 3) to pass Senate bills that originated there. After that deadline passes, the Senate will devote most of its time to floor debates and votes on proposals surviving the committee cutoffs. After February 14, the Senate A&RED Committee will focus its attention on agricultural bills approved by the House.

Although our committee's Senate bill deadline is a few days away, we've already passed several measures and likely will approve many more before the cutoff. Below is a look at what I consider to be good bills for agriculture:

- **HB 2424** (prime sponsor: Rep. Bill Grant). Non-highway diesel, both red-dyed and clear, sold to a farmer or an ag service provider (such as a custom cutter, etc.) is exempt from the sales and use tax. After passing in the House, it was passed by A&RED and is awaiting Senate Ways and Means Committee action.
- **SB 6148** (prime sponsor: Sen. Joyce Mulliken). Similar to HB 2424, it exempts gasoline and diesel from the sales and use tax when purchased by a farmer for agricultural purposes. This bill is still in A&RED.
- **SB 6424** (prime sponsor: Sen. Mark Schoesler). It gives a property tax exemption for land used to grow biodiesel feedstock crops (like canola and mustard) to be used in the production of biodiesel. I believe incentives are needed to get growers to grow these crops. Without such incentives, all the loan funds and canola crushers in the world won't help Eastern Washington farmers. This bill had a public hearing today in A&RED.
- **SB 6485** (prime sponsor: Sen. Marilyn Rasmussen). It exempts the custom blending of dry fertilizer from the B&O tax when it is manufactured. The sale of custom blended dry fertilizer would remain subject to the B&O tax. As I mentioned during my testimony for the bill in committee this week, this proposal addresses a problem that first arose last fall involving an audit of a fertilizer company. It was passed by A&RED last week.
- **SB 6542** (prime sponsor: Sen. Mulliken). It provides a B&O tax exemption for services provided to a farmer in growing, raising or producing agricultural products to be sold. The bill is still in A&RED.
- **SB 6573** (prime sponsor: Sen. Joe Zarelli). It gives Washington farmers certainty that state regulations won't restrict agricultural operations in wetlands converted to agricultural use prior to

1985. This simply makes our statutes consistent with federal law, under which wetlands designated as prior converted cropland are exempt from regulation. These protections would expire upon transfer to a non-agricultural use. The bill is still in A&RED.

- **SSB 6575** (prime sponsor: Sen. Rasmussen). The bill's intent is to allow limited extra-income opportunities that are compatible with agricultural use of the land. The measure intends to support ag viability. The bill was passed by A&RED and is now in the Senate Rules Committee.

- **SB 6617** (prime sponsor: Sen. Mary Margaret Haugen). It deals with the contents of farm plans prepared by conservation districts. Under this bill, before preparing a farm plan, a conservation district must inform the land owner or operator in writing what types of information must be disclosed to the public. Before a final draft of the farm plan is completed, the conservation district must send it to the land owner or operator for verification of the information. (This bill is in A&RED.)

- **SB 6661** (prime sponsor: Sen. Rasmussen). It establishes the Washington Beer Commission. When you consider that our state has commissions for a large number of agricultural products, including apples, asparagus, barley, beef, hops, raspberries and wheat, it only makes sense to have a commission for a popular product like beer. The beer industry, which includes 82 craft brewers and brewpubs in production in Washington, support the bill. Some affected beer producers do not have much money for marketing activities that could be authorized under this bill. As an occasional consumer of beer, I was happy to be a co-sponsor of this proposal. This bill was passed by A&RED last week.

- **SB 6704** (prime sponsor: Sen. Rasmussen). It modifies the excise taxation of the manufacturing, selling, and processing of certain food products. The bill had a public hearing in A&RED today.

Bill calls for a state vegetable

Washington has many state symbols, including a state tree (Western hemlock), state fruit (apple) and state grass (bluebunch wheatgrass). What we don't have is a state vegetable. Senate Bill 6827, prime-sponsored by Sen. Bill Finkbeiner, R-Kirkland (and a graduate of Whitman College in Walla Walla), would make the Walla Walla sweet onion our official state vegetable. As you might guess, the Walla Walla sweet onion is grown in Walla Walla County, as well as in a part of Umatilla County in northeastern Oregon. Only six states have state vegetables, three of which are onions (Georgia, Texas and Utah). This bill is scheduled for a public hearing tomorrow in A&RED.

ON THE HORIZON...

The Agriculture and Rural Economic Development Committee has three meetings scheduled for this week:

Monday, January 30, 10 a.m., Senate Hearing Room 3

Public hearing:

- SB 6609 – Exempting wholesale sales of bulk raw milk from business and occupation tax.
- SB 6704 – Modifying the excise taxation of the manufacturing, selling and processing of certain food products.
- SB 6424 – Providing a property tax exemption for land used for growing crops used in the production of biodiesel feedstock.

Possible executive session on bills heard in committee.

Tuesday, January 31, 10 a.m., Senate Hearing Room 3

Work session: Conservation district assessments – demands for services and future plans.

Public hearing:

- SB 6827 – Designating the Walla Walla sweet onion as the official Washington state vegetable.

Possible executive session on bills heard in committee.

Thursday, February 2, 9 a.m., Senate Hearing Room 3

Possible executive session on bills heard in committee.

106A Irv Newhouse Building • PO Box 40409 • Olympia WA 98504-0409
E-mail: Schoesler.mark@leg.wa.gov • Phone: (360) 786-7620